THE ASSISTANT SECRETARY OF THE NAVY
(RESEARCH, DEVELOPMENT, AND ACQUISITION)
1000 NAVY PENTAGON
WASHINGTON, DC 20350-1000

24 March 2020

MEMORANDUM FOR DISTRIBUTION

SUBJ: (Intent and Direction) Engaging the Research and Development Industrial Base during COVID-19

ENCL: (a) Additional actions to consider for immediate and longer term implementation sustaining the national R&D during COVID-19 response

1. In conjunction with my March 20, 2020 memo to Department of the Navy (DON) System Commands and Program Executive Officers, during this time of National Emergency, it is also imperative that the research and development (R&D) industrial base be sustained and leveraged, where possible, for immediate support to this pandemic. Academia (University researchers, graduate students and post doctorates, including UARCs), small innovative research companies, large and small businesses, public-private venture companies, and startup companies engaged in the R&D and science and technology (S&T) industry are a critical component of our Defense Industrial Base that requires our focused attention. The Nation needs them operating and supporting current and future technologies now and as we come out of this crisis.

2. Efficient execution of our existing R&D and S&T contracts and other transactions and the award of our pending/future contracts and other transactions is imperative. Therefore, I direct your team without delay to:

a. Engage all activities to positively impact cash flow

(1) Reduce retentions/withholds on existing efforts to an absolute minimum.

(2) Ensure the government personnel required to process billing and resolve business issues are declared mission essential and they have the ability to execute their tasks (remotely if necessary)

(3) Accelerate negotiation and award for: future work, contract changes on existing contracts, and other transactions. Use of letter contracts or UCAs is encouraged as necessary

(4) Aggressively pursue issuing in-scope changes for Working Capital fund orders to ensure continuance of funded efforts at those organizations (Naval Lab and Warfare Centers)

b. Ensure we accomplish our current workload

(1) Maximize collaborative working opportunities within workforce using remote IT tools.

(2) Modify technical approaches to reflect tasks more accommodating to remote performance via telework.

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(3) Where remote performance is not possible due to work classification or other limitations utilize alternate days or hours of work to ensure employees can execute their duties while maintaining a safe working environment. As a last resort, consider period of performance extensions, particularly for academia and SBIRs.

(4) For work completed, ensure review or inspection tasks and requirements are not slowing delivery. In cases where review and inspection are limiting factors, adjust criteria as required to ensure work performed can be completed, provided adequacy of work is ensured.

c. Bring new partners into the enterprise:

(1) Give maximum consideration to opportunities presented by SBIR and R&D start-up businesses.

(2) Leverage NavalX for Tech Bridges to channel small businesses toward the NIST Manufacturing Extension Partnership (MEP) effort. Consider close coordination with OSBP on specific topics in response to COVID-19.

3. Attached to this memo are additional actions to be considered for immediate and longer term implementation. Some of these actions will require additional coordination with internal and external entities (legal, procurement, OSD, etc.). However, do not allow another organizations processes dictate the speed at which we execute.

4. This is a National Emergency, thus the Navy acquisition community will move out accordingly. Bold action is required, as the DON's R&D leaders your implementation of this memo's measures is critical for maintaining the U.S.'s R&D capabilities. If you have issues or questions about the implementation of this direction, please elevate your questions or concerns immediately.

James F. Geurts

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Additional actions to consider for immediate and longer term implementation sustaining the national R&D during COVID-19 response

Defense Industrial Base (Industry performers)

- Seek approval for advance payment in accordance with NMCARS 5232.402, as appropriate, for Navy projects to ensure projects have sufficient funding to continue research activities (consistent with applicable Health emergency guidance).
- Initiate a Special Notice under the current LRBAA seeking submission of proof of concept and proof of prototype proposals, which will be funded up to $249K using simplified acquisition procurement or OTA for prototype authorities, respectively.
- STEM – Given the closing of K-12 schools during this national emergency, there may be new demand for online learning products. Consider a Special Funding Opportunity Announcement for development of On Line STEM products that may be piloted in the near term. Targeted performer base could be small/medium for/non-profit entities. This would increase grants to industry. Development of such products may align well w/ virtual performance.
- Seek approval of advance payment in accordance with NMCARS 5232.402 on cost-type contracts to cover immediate cash needs for up to 30 days. This will require modifying contract payment clauses to enable DFAS to disburse advance payments and a FAR class deviation for research contracts.
- Issue letter contracts where appropriate for known performers to jump start work.

SBIR/STTR Programs for Startup/Nontraditional and Traditional SBIR Small Businesses:

- Issue an out-of-cycle solicitation focused on critical DON needs to include COVID-19 response activities. Maximize opportunities for small businesses inside and outside current ecosystem to apply and help maintain key DON R&D.
- Accelerate Demo Day, and expand the number of awards. Also shift the Demo Day to a more traditional simplified rapid review/select process.
- Accelerate current Phase I to Phase II to enable follow on efforts.
- Reach-back to prior Phase I for possible Phase II opportunities.
- Reach-back to past Phase II and consider current Phase II for second sequential Phase II.
- Look for Phase III opportunities for current and past SBIR awardees.

UARCs/FFRDCs

- Seek approval for advance payment in accordance with NMCARS 5232.402, as appropriate, for Navy projects to ensure projects have sufficient funding to continue research activities (consistent with applicable Health emergency guidance).
- Modify terms with UARC's/FFRDC's to invoice every 2 weeks.
- Adjust scope to enable performance of work remotely where feasible
- Accelerate new project starts that contain SOWs that enable remote performance up front.
- Seek approval for advance payment in accordance with NMCARS 5232.402 on cost-type Task Orders to cover immediate cash needs for up to 30 days.

Universities Performing Basic Research

- Ensure all Navy research grants are funded in 12 month increments.
- Immediately approve and notify Universities to charge and invoice direct labor (salaries & benefits) to Navy research grants for up to 90 days in advance of actual performance.
- Expand advance payment of Federal funds authorities on research grants to enable payment to students (graduate & undergraduate), post-docs, research assistants, etc.).
- Suspend collection of interest on advance of federal funds during the National Emergency.